



# Committee On Finance

Max Baucus, Ranking Member

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## **SENATE PARLIAMENTARIAN UPHOLD SENATE RULES AGAINST HOUSE CAPITAL GAINS AND DIVIDENDS MEASURE IN TAX RECONCILIATION**

*Baucus says tax cuts for working families, small business must come first;  
Finance Democrat's inquiry finds out-year expenses violate budget rules*

**Washington, DC** – In response to an inquiry by U.S. Senator Max Baucus (D-Mont.), Ranking Member on the Senate Finance Committee, the Senate parliamentarian said today that capital gains and dividends tax cut extensions currently included in House-passed tax reconciliation legislation will violate Senate budget rules by incurring costs with no offsets in years beyond the life of the bill. With the alternative minimum tax (AMT) threatening to stick 17 million additional Americans with higher tax bills for 2006, and with popular tax provisions for teachers, businesses and other individuals already expired, Baucus has consistently opposed extension now of capital gains and dividends tax cuts that do not expire until 2009. Today's ruling means that any early extension of capital gains and dividends tax cuts would require House and Senate proponents of the measure to pay for it with spending cuts or tax increases, and to garner 60 Senate votes for their plan.

**“Not only is it premature to extend capital gains and dividends tax breaks now, but we now know it’s a violation of Senate rules to do it as the House suggests,”** said Baucus. **“It’s time to drop the obsession with capital gains and dividends tax cuts that don’t expire for years, and pass the tax cuts that are important to American taxpayers right now. Working families facing the AMT, teachers spending their own money on classroom supplies, and small businesses encouraging employees to save should get the tax cuts they need today.”**

Baucus has committed to making AMT relief for 2006 his top priority in tax reconciliation negotiations. Today the Senate is considering a bipartisan amendment from Baucus and Finance Chairman Chuck Grassley (D-Iowa) that will provide a 2006 AMT fix and extend through 2007 vital expiring tax provisions such as the research and development credit, the Work Opportunity Tax Credit, the Small Savers' tax credit and a credit reimbursing teachers for out-of-pocket classroom expenses. These measures will “fill” space available for tax cuts in the reconciliation legislation with measures of immediate importance to working families and small businesses.

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